

MEMORANDUM FOR THE RECORD

June 8, 2010

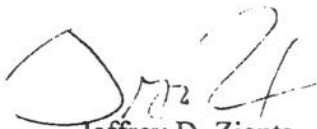
SUBJECT: Office of Management and Budget (OMB)/Department of Defense (DoD)
Working Relationship: Federal Information Technology (IT) Project
Management Initiative

As we have discussed, OMB is initiating a government-wide effort to cut the cost and reduce the risk of Federal IT projects, with an initial focus on financial systems projects. Because of DoD's long-standing experience in project management and the shared interest of the Office of the Secretary of Defense (OSD) and OMB in ensuring the success of DoD IT projects, OMB has proposed, and DOD accepted, a closer working relationship between OMB and OSD around this effort, both concerning specific DoD financial system project reviews and also related to the overall OMB effort.

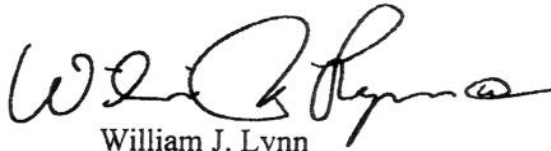
Specifically, it is agreed that:

- Concerning the initial focus on financial-systems projects, review and evaluation of DoD projects will be conducted jointly by OSD and OMB, specifically but not exclusively including:
 - Choice of projects – we expect that the 3-5 DoD financial system projects with greatest potential for cost and schedule improvements will be reviewed, with specific choice of projects made jointly.
 - Involvement of the Financial Systems Advisory Board – Given the extent of OMB/OSD reviews of DoD projects, the Advisory Board will not be directly involved in reviewing DoD projects except at OSD request. OMB may involve the Advisory Board in consideration of cross-agency system questions but these will not require use of any DoD time or resources except at OSD's request.
 - Review process – reviews will leverage existing DoD acquisition review processes and associated programmatic documentation.
 - Task orders – during the review period OMB and OSD will jointly recommend whether specific task orders (and associated funding) will be held until reviews are completed.

- Staffing – both OMB and OSD will dedicate appropriate staff and designate responsible officials for review efforts.
- Appeals of decisions – OMB and OSD staff will endeavor to agree on all final recommendations concerning any changes in DoD projects. Any disagreements will be reviewed by Jeff Zients, Deputy Director for Management, OMB, and Bill Lynn, Deputy Secretary of Defense, DoD, before any final recommendations are made to the OMB Director and the Secretary of Defense.
- Concerning the broad OMB IT project management initiative, DoD will work closely with OMB on the effort, including but not limited to assisting in development of:
 - Proposed changes in IT project management.
 - Changes in regulations concerning agency project management reviews.
 - Proposed changes in IT procurement legislation.
- Discussions between OMB and OSD on the specifics of the above areas will begin immediately, prior to the issuance of the OMB Directive, in order to maximize DoD input into the OMB process and minimize the time required after the Directive is issued to review DoD projects.



Jeffrey D. Zients
Deputy Director for Management
Office of Management and Budget



William J. Lynn
Deputy Secretary of Defense
JUL 6 2010